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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: December 04, 2006
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Meeting Date: December 12, 2006

TO: Vancouver City Council

FROM: General Manager of Corporate Services / Director of Finance

SUBJECT: Annual Financial Authorities - 2007

RECOMMENDATION

- A. *THAT, for the period of January 1 to December 31, 2007, Council authorize the Director of Finance to draw warrants for payment in accordance with Section 215 and 216 of the Vancouver Charter and to report the same in writing to the City Clerk for the information of Council as soon as possible following the month end in which the warrant is issued.*
- B. *THAT, during the period January 1 to July 15, 2007, Council authorize the Director of Finance to temporarily use such capital funds as are available to meet the other expenditures requirements of the City pending collections of taxes, as provided by Section 259 (b) of the Vancouver Charter.*
- C. *THAT the Director of Finance be authorized, for the year 2007, to invest the funds of City not immediately required, and to vary the investments from time to time as may be expedient, in accordance with Sections 201, 259 and 260 of Vancouver Charter, as follows:*

- *securities of Canada or of a province;*
- *securities guaranteed for principal and interest by Canada or by a province;*
- *securities of a municipality, including the city, or a regional district;*
- *securities of the Greater Vancouver Water District or the Greater Vancouver Sewerage and Drainage District;*
- *securities of the Municipal Finance Authority;*
- *securities of or investments guaranteed by a chartered bank;*
- *deposits in a savings institution, or non-equity or membership shares of a credit union;*
- *pooled investment funds under section 16 of the Municipal Finance Authority Act;*
- *any of the investments permitted for the Municipal Finance Authority under section 16 (3) of the Municipal Finance Authority Act, including pooled investment portfolios under the Financial Administration Act.*

D. THAT Council authorize the Director of Finance to establish a short term borrowing facility to assist in managing the City's cash flow for the period January 8, 2007 to January 7, 2008, with the maximum outstanding amount not to exceed \$60 million.

POLICY

Council has the policy to delegate to the Director of Finance the authorities of Council under the Vancouver Charter to:

- *approve the issuance of warrants (Section 215). Details of all warrants drawn are filed with the City Clerk on a monthly basis for the information of Council.*
- *utilize capital funds on a temporary basis pending collection of taxes (Section 259 (b)).*
- *invest the City's cash balances.*

DISCUSSION

The Vancouver Charter provides Council with a variety of financial authorities related to the City's operation. In order to allow for day-to-day administration of the City, Council delegates the following authorities to the Director of Finance.

1) The Authority to Issue Warrants

Sections 213 to 215 of the Charter specify the manner in which payments are to be made by the City. Section 213 and 214 authorized the Director of Finance to approve warrants for payments and to process payments subject to the provisions of Section 215 which specifies that all payments must be approved by Council, except for

amounts necessary in case of an emergency. In every circumstance, payments by the City follow directly from Council approvals made as part of the budget process. The Director of Finance is requesting confirmation of this authority to make payments in circumstances where Council has approved them. This authority is administrative in nature and in no way infringes on Council's policy-making powers.

2) The Authority to Utilize Capital Funds

Section 259 of the Charter authorizes Council to temporarily utilize the proceeds of debenture issues to cover other expenditures of the city pending the collection of current taxes each year; provided that the use of such funds is limited to the period from of January 1 to July 15 in the year, and that such funds are returned to the Capital Fund by that latter date. This authority is integral to the management of the City's financial affairs and the Director of Finance is seeking confirmation of this authority for 2007.

3) The Authority to Invest the City's Cash Balances

The Vancouver Charter provides Council with the authority to invest the City's cash balances (Section 201) including the proceeds of debenture sales (Section 259) and cash in the Sinking Fund (Section 260). This authority is delegated annually to staff to ensure that these funds are managed to the best advantage of the City.

4) Operating Line of Credit

Section 263 of the *Vancouver Charter* authorizes the City to manage its cash flow by issuing promissory notes or by way of overdraft with the repayment to be guaranteed from the general purposes property taxes to be collected during the year. This authority permits the Director of Finance to borrow on a day-to-day basis and is used only for short periods of time if the need arises.

In order to execute this authority, Council must pass a bylaw specifying the maximum amount of any short term indebtedness and the period during which the authority is in effect, and guaranteeing the repayment of any outstanding balances from the general purposes property tax levy. The terms of the bylaw will authorize the Director of Finance to borrow a sum of money by overdraft of which the total outstanding at any one time shall not, during the period from January 8, 2007 to January 7, 2007, exceed \$60,000,000. This borrowing facility is established with the City's prime banker, the Bank of Montreal.

CONCLUSION

The Vancouver Charter provides Council with the authority to manage the financial affairs of the City, including the authority to issue warrants, to utilize surplus debenture cash to support the operations on a temporary basis and to invest surplus funds. In order for these matters to be dealt with effectively on a day-to-day basis, these authorities are delegated to the Director of Finance on an annual basis.